

State of Illinois  
Department of Children and Family Services

**Annual Report for Illinois Licensed Adoption Agencies**

Date: 07/21/2014

Name of Agency: Family Service Center

Corporate Address\*: 730 East Vine Street

Springfield, IL 62703

Illinois DCFS

License/Provider ID number: 006840-13

Telephone: 217-528-8406

License Effective date: 08/05/2010 to 08/05/2014

The reporting period and answers to all questions for this report relate to the agency's most recent fiscal year. Specify the dates of your agency's fiscal year and reporting period for this report: 07/01/13-06/30/14

**\*If the agency operates satellite or branch offices, please attach a separate sheet listing complete addresses of all other offices.**

This report is to be completed by agencies providing adoption services and shall be filed with the Department of Children and Family Services and with the Illinois Attorney General's Office. In addition, each licensed agency that maintains a website shall provide this report on its website. The report shall be filed annually, no later than the 45<sup>th</sup> day following an adoption agency's license anniversary date. Failure to provide the annual report or disclose certain information required in the report may result in the suspension of an agency's license for a period of 90 days. Subsequent violations may result in a revocation of the license. [Rule 401.530]

**This report applies only to the provision of adoption services and includes agencies providing foster care conversion services.**

Question number 1 (A – M) pertains only to domestic and international agency-assisted adoption services, and home study services-only programs. Question number 1 (A-M) does not pertain to foster care conversion adoptions. Agencies that provide adoption services only through foster care conversions must answer questions 2 – 12, but need not answer question number 1.

Please respond to the following questions with a yes or no answer on the left and provide additional detail as requested:

Yes 1. **Non-identifying** information for the past year concerning adoption is attached:

**Domestic Agency-Assisted Adoptions**

- A. The number of adoptive families who have submitted an agency application but who are not yet licensed: 0
- B. The number of adoptive families who are licensed and awaiting domestic placement as of the agency's fiscal year end: 1
- C. The number of biological parents who the agency provided services to during the reporting period for domestic adoption: 0
- D. The number of children placed in adoptive homes during the year:  
Adoptive parents/families who are Illinois Residents: 0  
Adoptive parents/families who are non-Illinois Residents: 0

**D.C.F.S.**  
JUL 24 2014  
4500 South 6th St. Rd.  
Springfield, IL 62703

- E. The number of adoptions initiated during the year:  
Adoptive parents/families who are Illinois Residents: 0  
Adoptive parents/families who are non-Illinois Residents: 0
- F. The number of adoptions finalized during the year:  
Adoptive parents/families who are Illinois Residents: 0  
Adoptive parents/families who are non-Illinois Residents: 0
- G. The number of adoptive placement disruptions: 0
- H. The number of domestic adoption dissolutions this year: 0

**International Adoptions (either by direct placements/referrals, or through home-study-services-only)**

Check the boxes that apply to the intercountry adoption services the agency provides:

- ☐ Child referral/matching placement services;
- ☒ Adoption home study/post placement services (utilized by families who are working with another agency for their referral/match);
- ☐ None.

The number of adoptive families who have submitted an agency application but who are not yet approved or licensed: 0

The number of adoptive families who are licensed or approved and awaiting international placement: 0

The number of international adoptive placements made during the year: 0

List the countries with which you have accredited international adoption programs:  
N/A

The number of international adoptions finalized this year in the U.S., specifying the countries of origin: 0

The number of finalizations in other countries, specifying the countries of origin:  
0

The number of international adoptive placement disruptions: 0

No 2. Has the agency:

- lost the right to provide adoption services in any state or country,
- had it's license suspended for cause, or
- was the agency the subject of other sanctions by any court, governmental agency, or governmental regulatory body relating to the provision of adoption services?

*If the answer to any portion of this question is yes, attach a full and complete statement of explanation.*

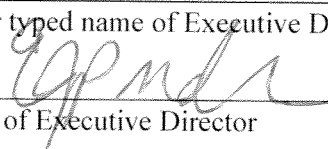
- No 3. During the past year, were any actions related to licensure initiated against the agency by a licensing or accrediting body?  
*If the answer is yes, attach a complete statement of explanation.*
- No 4. During the past year, has the agency been a named party in any civil court actions in relation to the provision of foster care or adoption services?  
*If the answer is yes, attach a complete statement of explanation.*
- No 5. Is the agency currently the subject of a pending investigation by federal or state authorities?  
*If the answer is yes, attach a complete statement of explanation.*
- No 6. Were there any criminal charges, child abuse charges, malpractice complaints, or lawsuits related to the provision of adoption services against the agency or any of its employees, officers, or directors during the past year?  
*If the answer is yes, attach a complete statement of explanation and the basis or disposition of the actions.*
- No 7. Was the agency found liable for any civil or administrative violation or found guilty of or pled guilty to any criminal or administrative violation that relates to the provision of adoption services under federal, state or foreign law?  
*If the answer is yes, attach a complete statement of explanation.*
- No 8. Was any employee, officer or director of the agency found guilty of any crime or determined to have violated a civil law or administrative rule relating to the provision of adoption services under federal, state or foreign law?  
*If the answer is yes, attach a complete statement of explanation.*
- No 9. Was any civil or administrative proceeding relating to adoption services instituted by the agency during the year (excluding uncontested adoption proceedings and proceedings filed pursuant to Section 12a of the Adoption Act)?  
*If the answer is yes, attach a complete statement of explanation.*
- Yes 10. The agency's website address is: service2families.org
- Yes 11. An audited financial statement for the prior fiscal year, including a general description of fees, wages, salaries and other compensation described in Rule 401.565(a), certified by an independent public accountant, is attached.
- Yes 12. This Annual Report with attachments and audited financial statement, certified by an independent public accountant, has been posted on the website listed in item 9.
- Yes 13. Effective August 15, 2005, Annual Reports are available upon request.

Information contained in this report is subject to the applicable confidentiality requirements of the Child Care Act and the Adoption Act.

I certify that the above statements are true and accurate, based on information available to me at this time.

Erin Predmore, LCPC

Printed or typed name of Executive Director

  
Signature of Executive Director

7/21/14  
Date

Mailing Instructions on the back

This report is to be mailed to the child welfare agency's A&I licensing Unit and the Illinois Attorney General's Office:

Office of the Attorney General  
State of Illinois  
Charitable Trust Division  
100 W. Randolph Street, 11<sup>th</sup> Floor  
Chicago, IL 60601  
312-814-3000

DCFS Agency and Intuitional Licensing Units:

Cook County

A&I Licensing Unit  
A&I Licensing Supervisor  
1911 S. Indiana Ave. – 9<sup>th</sup> Fl.  
Chicago, IL 60616

Northern Region

A&I Licensing Unit  
A&I Licensing Supervisor  
200 South Wyman St.  
Rockford, IL 61101

Central Region

A&I Licensing Unit  
A&I Licensing Supervisor  
500 42<sup>nd</sup> St., Suite #5  
Rock Island, Il. 61201

Southern Region

A&I Licensing Unit  
A&I Licensing Supervisor  
2309 West Main St.  
Marion, Il. 62959

Cook Co. Region

1921 S. Indiana Ave. – 9<sup>th</sup> Fl.  
Chicago, IL 60616

Northern Region

107 N. 3<sup>rd</sup> Street  
Rockford, IL 61107

Central Region

4500 S. Sixth St. Road  
Springfield, IL 62703

Southern Region

401 W. Industrial Dr – Ste B  
Effingham, IL 62401

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FAMILY SERVICE CENTER OF SANGAMON COUNTY

June 30, 2013 and 2012

## CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	5
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	6
STATEMENTS OF CASH FLOWS	7
STATEMENTS OF FUNCTIONAL EXPENSES	8
NOTES TO FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	20
SCHEDULES OF PROGRAM REVENUE AND EXPENSES	21
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	22



Kerber, Eck & Braeckel LLP

CPAs and  
Management Consultants

1000 Myers Building  
1 West Old State Capitol Plaza  
Springfield, IL 62701-1268  
ph 217.789.0960  
fax 217.789.2822  
www.kebcpa.com

## Independent Auditors' Report

Board of Directors  
Family Service Center of Sangamon County

We have audited the accompanying financial statements of Family Service Center of Sangamon County (the "Center") (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Locations

Litchfield, IL • Jacksonville, IL • Belleville, IL • Carbondale, IL • Cape Girardeau, MO • St. Louis, MO • Milwaukee, WI

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Service Center of Sangamon County as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of Family Service Center of Sangamon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Service Center of Sangamon County's internal control over financial reporting and compliance.

*Kelber, Eck + Braecker LLP*

Springfield, Illinois  
December 6, 2013



Family Service Center of Sangamon County

STATEMENTS OF FINANCIAL POSITION

June 30

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 279,007	\$ 188,669
Accounts receivable	846	5,472
Due from granting agencies	92,573	236,635
Contributions receivable	80,000	80,000
Prepaid expenses	2,033	4,598
Total current assets	454,459	515,374
INVESTMENTS	6,289	5,721
PROPERTY AND EQUIPMENT		
Building and leasehold improvements	382,025	382,025
Equipment and vehicles	3,787	3,787
	385,812	385,812
Less accumulated depreciation	(89,743)	(70,642)
	296,069	315,170
Property held for sale	-	120,686
Idle property	39,144	-
Land	8,000	8,000
	343,213	443,856
OTHER ASSETS		
Beneficial interest in perpetual trusts	126,519	126,592
Total assets	<u>\$ 930,480</u>	<u>\$ 1,091,543</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 11,908	\$ 5,634
Accounts payable	40,345	36,671
Accrued compensation	12,066	27,296
Accrued vacation	28,324	15,220
Refundable grant advances	61,731	73,876
Total current liabilities	154,374	158,697
LONG-TERM DEBT, less current maturities	313,478	338,242
NET ASSETS		
Unrestricted	200,953	372,767
Temporarily restricted	135,156	95,245
Permanently restricted	126,519	126,592
	462,628	594,604
Total liabilities and net assets	<u>\$ 930,480</u>	<u>\$ 1,091,543</u>

The accompanying notes are an integral part of these statements.

Family Service Center of Sangamon County

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended June 30

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support								
Federal grant revenue	\$ -	\$ -	\$ -	\$ -	\$ 311,530	\$ -	\$ -	\$ 311,530
State grant revenue	964,507	-	-	964,507	1,081,900	-	-	1,081,900
Program service fees	7,322	-	-	7,322	4,020	-	-	4,020
United Way	-	83,829	-	83,829	-	83,572	-	83,572
Contributions and special events	38,463	55,404	-	93,867	17,846	15,245	-	33,091
Investment income	10,020	-	-	10,020	4,739	-	-	4,739
Gain (loss) on disposal of equipment	(81,542)	-	-	(81,542)	425	-	-	425
Change in value of beneficial interest in perpetual trusts	-	-	(73)	(73)	-	-	(4,946)	(4,946)
Other	1,369	-	-	1,369	19,789	-	-	19,789
Net assets released from restrictions	99,322	(99,322)	-	-	35,604	(35,604)	-	-
Total revenues and other support	1,039,461	39,911	(73)	1,079,299	1,475,853	63,213	(4,946)	1,534,120
Expenses								
Program services								
Family preservation and strengthening services	-	-	-	-	233,540	-	-	233,540
Family substitute services	1,143,802	-	-	1,143,802	1,158,269	-	-	1,158,269
Total program services expenses	1,143,802	-	-	1,143,802	1,391,809	-	-	1,391,809
Supporting services								
Management and general	36,566	-	-	36,566	45,029	-	-	45,029
Fundraising	30,907	-	-	30,907	15,988	-	-	15,988
Total supporting services expenses	67,473	-	-	67,473	61,017	-	-	61,017
Total expenses	1,211,275	-	-	1,211,275	1,452,826	-	-	1,452,826
Change in net assets	(171,814)	39,911	(73)	(131,976)	23,027	63,213	(4,946)	81,294
Net assets at beginning of year	372,767	95,245	126,592	594,604	349,740	32,032	131,538	513,310
Net assets at end of year	\$ 200,953	\$ 135,156	\$ 126,519	\$ 462,628	\$ 372,767	\$ 95,245	\$ 126,592	\$ 594,604

The accompanying notes are an integral part of these statements.

Family Service Center of Sangamon County

STATEMENTS OF CASH FLOWS

Years ended June 30

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ (131,976)	\$ 81,294
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	19,101	19,102
Change in value of beneficial interest in perpetual trusts	73	4,946
Unrealized (gain) loss on investments	(568)	187
Loss (gain) on disposal of equipment	81,542	(425)
(Increase) decrease in assets		
Accounts receivable	4,626	(5,263)
Due from granting agencies	144,062	(46,638)
Contributions receivable	-	(47,968)
Prepaid expenses	2,565	5,090
Increase (decrease) in liabilities		
Accounts payable	3,674	21,873
Accrued compensation	(15,230)	12,908
Accrued vacation	13,104	(10,856)
Accrued expenses	-	(2,000)
Refundable grant advances	(12,145)	(25,458)
Net cash provided by operating activities	108,828	6,792
Cash flows from investing activities		
Proceeds from sale of equipment	-	425
Net cash provided by investing activities	-	425
Cash flows from financing activities		
Net short-term borrowings	-	(9,560)
Principal payments on long-term debt	(18,490)	(4,965)
Net cash used in financing activities	(18,490)	(14,525)
Increase (decrease) in cash and cash equivalents	90,338	(7,308)
Cash and cash equivalents at beginning of year	188,669	195,977
Cash and cash equivalents at end of year	<u>\$ 279,007</u>	<u>\$ 188,669</u>
Cash paid for interest	\$ 17,510	\$ 19,765

The accompanying notes are an integral part of these statements.

Family Service Center of Sangamon County

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2013

	Program Services	Supporting Services	Total Program and Supporting Services
	<u>Family Substitute Services</u>	<u>Management and General</u> <u>Fundraising</u>	
Personnel and fringes	\$ 672,230	\$ 25,366	\$ 714,440
Professional fees	17,016	381	17,397
Advertising	4,348	569	5,203
Supplies	7,146	1,190	8,604
Telephone and internet	19,021	28	19,049
Postage and shipping	1,397	547	2,262
Transportation and travel	34,492	39	34,872
Conferences and meetings	1,296	274	1,770
Dues, subscriptions and licenses	2,284	922	3,256
Rental, maintenance, occupancy	79,252	1,299	80,551
Food	1,755	602	2,707
Specific assistance	6,148	-	6,201
Interest expense	17,074	436	17,510
Miscellaneous	3,581	4,331	8,276
Depreciation	18,719	382	19,101
Foster care boarding	258,014	-	258,014
Special events/fundraising	29	200	12,062
		11,833	
Total expenses	\$ 1,143,802	\$ 36,566	\$ 1,211,275

Family Service Center of Sangamon County

STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED

Year ended June 30, 2012

	Program Services					Total Program and Supporting Services
	Family Preservation and Strengthening Services	Family Substitute Services	Total	Supporting Services		
				Management and General	Fundraising	
Personnel and fringes	\$ 163,858	\$ 747,151	\$ 911,009	\$ 25,624	\$ 6,677	\$ 943,310
Professional fees	1,381	8,782	10,163	272	-	10,435
Advertising	556	2,641	3,197	5,570	-	8,767
Supplies	623	18,897	19,520	81	627	20,228
Telephone and internet	3,654	18,706	22,360	661	-	23,021
Postage and shipping	143	2,554	2,697	422	197	3,316
Transportation and travel	4,974	60,600	65,574	681	60	66,315
Conferences and meetings	122	3,384	3,506	25	-	3,531
Dues, subscriptions and licenses	364	1,426	1,790	569	-	2,359
Rental, maintenance, occupancy	13,317	63,754	77,071	4,495	-	81,566
Food	533	2,115	2,648	21	296	2,965
Specific assistance	-	32,156	32,156	-	395	32,551
Interest expense	2,823	16,020	18,843	922	-	19,765
Miscellaneous	82	518	600	2,533	344	3,477
Depreciation	4,027	11,922	15,949	3,153	-	19,102
Foster care boarding	-	167,643	167,643	-	-	167,643
Special events/fundraising	-	-	-	-	7,392	7,392
Administrative costs allocated	37,083	-	37,083	-	-	37,083
Total expenses	\$ 233,540	\$ 1,158,269	\$ 1,391,809	\$ 45,029	\$ 15,988	\$ 1,452,826

The accompanying notes are an integral part of these statements.

Family Service Center of Sangamon County

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

*1. Nature of Operations*

Family Service Center of Sangamon County is an Illinois not-for-profit organization. Its principal programs provide adoption and foster care services to families and children.

*2. Basis of Accounting*

The financial statements of the Center have been prepared on the accrual basis of accounting in which expenditures are recognized when incurred and revenue is recognized when earned, generally when allowable expenditures are made.

*3. Basis of Presentation*

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Unrestricted net assets - Those resources that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Center or passage of time. The Center has elected to present all temporarily restricted contributions, which are fulfilled in the same time period, within the unrestricted net asset class.

Permanently restricted net assets - Those resources subject to donor-imposed restrictions as to their use that cannot be removed by actions of the Center or passage of time.

Family Service Center of Sangamon County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013 and 2012

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

4. *Cash and Cash Equivalents*

For purposes of reporting cash flows, the Center considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

5. *Accounts Receivable*

The Center considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

6. *Investments*

The Center's investments are maintained in a pooled account that invests in various investment securities. Investments are reported at their fair value in the statement of financial position. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in unrestricted, temporarily restricted, or permanently restricted net assets based on donor-imposed restrictions.

7. *Property and Equipment*

Property and equipment are stated at cost. Items purchased that exceed \$ 1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets. The useful lives adopted for the purpose of computing depreciation are:

Building and leasehold improvements	20 - 50 years
Equipment and vehicles	3 - 10 years

8. *Contributions*

Contributions received are recorded as support when received or pledged and are classified as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Family Service Center of Sangamon County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013 and 2012

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

*9. Income Taxes*

The Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. The Internal Revenue Service has determined the Center to be an entity other than a private foundation; therefore, charitable contributions are tax deductible.

The Center has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. The Center is not aware of any circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within 12 months of the statement of financial position date. Penalties and interest assessed by taxing authorities are included in management and general expenses, if applicable. There were no interest or penalties paid during fiscal years 2013 and 2012.

The Center files information returns in the federal and Illinois jurisdiction. The federal and state returns prior to 2009 are closed.

*10. Allocated Costs*

Administrative and other support costs are allocated to all programs in proportion to the benefits received by each program. Expenses that can be identified with a specific program are charged directly according to their natural expenditure classification.

*11. Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*12. Subsequent Events*

Management has evaluated subsequent events for recognition and disclosure in the financial statements through December 6, 2013, which is the date the financial statements were available to be issued. Through December 6, 2013, no subsequent events required recognition or disclosure in the financial statements.



Family Service Center of Sangamon County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013 and 2012

NOTE B - DUE FROM GRANTING AGENCIES

Due from granting agencies consisted of amounts due of \$ 93,804 from the Ounce of Prevention Fund at June 30, 2012 and \$ 92,573 and \$ 142,831 from the Illinois Department of Children and Family Services at June 30, 2013 and 2012, respectively. The Ounce of Prevention Fund receives its funding directly from the Illinois Department of Human Services (DHS). The State of Illinois is currently experiencing cash flow problems and is in arrears. The Center estimates the full amount to be collectible.

NOTE C - INVESTMENTS

The fair value of investments is based on quoted market values for those or similar investments.

Investments consist of the following at June 30:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Pooled account	\$ <u>5,250</u>	\$ <u>6,289</u>	\$ <u>5,250</u>	\$ <u>5,721</u>

Investment income consisted of the following for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 9,542	\$ 5,010
Unrealized gain (loss)	568	(187)
Investment fees	<u>(90)</u>	<u>(84)</u>
	\$ <u>10,020</u>	\$ <u>4,739</u>

Family Service Center of Sangamon County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013 and 2012

NOTE D - FAIR VALUE MEASUREMENTS

The Center follows the fair value measurement guidance for financial assets and financial liabilities. The guidance defines fair value, establishes a framework for measuring value and expands disclosure about fair value measurements. In addition, the guidance permits an entity to measure eligible financial instruments and other items at fair value. The Center has not made any fair value elections.

Fair value is defined to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy has been established for fair value measurements based upon the inputs to the valuation of an asset or liability as follows:

Level 1 – Valuation is based on quoted prices for identical assets and liabilities in active markets.

Level 2 – Valuation is derived from inputs, other than quoted prices included in Level 1, which are observable for the asset or liability either directly or indirectly. Investments classified as Level 2 are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The significant inputs used in this approach include interest rates, prepayment timing, yield spreads, maturities, credit losses and credit ratings of the securities.

Level 3 – Valuation is derived from unobservable inputs that are not corroborated by market data.

The fair value of the pooled account is determined by the value of the underlying investments, which consist of money market funds, fixed income funds, equities, hedge funds, and real estate. The Center records its beneficial interests in trusts held by others using the fair value of the trusts which consist of bonds, common stock and cash.

Family Service Center of Sangamon County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013 and 2012

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following table presents the Center's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2013</u>				
Investments				
Pooled account	\$ 6,289	\$ -	\$ 6,289	\$ -
Beneficial interest in perpetual trusts	<u>126,519</u>	<u>-</u>	<u>126,519</u>	<u>-</u>
Total	<u>\$ 132,808</u>	<u>\$ -</u>	<u>\$ 132,808</u>	<u>\$ -</u>
<u>2012</u>				
Investments				
Pooled account	\$ 5,721	\$ -	\$ 5,721	\$ -
Beneficial interest in perpetual trusts	<u>126,592</u>	<u>-</u>	<u>126,592</u>	<u>-</u>
Total	<u>\$ 132,313</u>	<u>\$ -</u>	<u>\$ 132,313</u>	<u>\$ -</u>

NOTE E - BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Center is the beneficiary of two perpetual trusts created by donors, the assets of which are not in the possession of the Center. The Center has legally enforceable rights and claims to such assets, including the sole right to the distribution of assets from the trusts. Net realized and unrealized gains and losses related to the beneficial interests are reported as changes in permanently restricted net assets based on explicit donor stipulations. The Center's beneficial interest in perpetual trusts at June 30, 2013 and 2012, were as follows.

	<u>2013</u>	<u>2012</u>
Laura Adams Charitable Trust	\$ 70,620	\$ 66,908
George Bisch Testamentary Trust	<u>55,899</u>	<u>59,684</u>
	<u>\$ 126,519</u>	<u>\$ 126,592</u>

Family Service Center of Sangamon County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013 and 2012

NOTE F - LONG-TERM DEBT

Long-term debt at June 30 consists of the following:

	<u>2013</u>	<u>2012</u>
Marine Bank, Springfield, Illinois		
Note payable in monthly installments of \$ 1,220, with interest at 5.85% through June 22, 2014, and a balloon payment due on July 22, 2014. Secured by all of the assets of the Center.	\$ 149,502	\$ 155,936
Note payable in monthly installments of \$ 1,237, with interest at 5% through June 22, 2014, and a balloon payment due on July 22, 2014. Secured by the real estate mortgage.	<u>175,884</u>	<u>187,940</u>
	325,386	343,876
Less current maturities	<u>11,908</u>	<u>5,634</u>
	<u>\$ 313,478</u>	<u>\$ 338,242</u>

Aggregate annual maturities of long-term debt for the two fiscal years ending June 30, 2015, are as follows:

2014	\$ 11,908
2015	313,478

Family Service Center of Sangamon County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013 and 2012

NOTE G - LEASE COMMITMENTS

During 2012, the Center entered into a non-cancelable operating lease for a copier which expires in 2017. Total lease expense for the years ended June 30, 2013 and 2012, was \$ 5,614 and \$ 7,358, respectively.

Future minimum lease payments are as follows:

2014	\$ 5,184
2015	5,184
2016	5,184
2017	864

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted according to donor restrictions as follows at June 30:

	<u>2013</u>	<u>2012</u>
Purpose restricted		
Compass	\$ 52,154	\$ 11,000
Building renovations	3,002	3,002
Scholarships	<u>-</u>	<u>1,243</u>
Total purpose	55,156	15,245
Time restricted	<u>80,000</u>	<u>80,000</u>
Total	<u>\$ 135,156</u>	<u>\$ 95,245</u>

NOTE I - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of beneficial interests of two perpetual trusts. The assets are invested in perpetuity and only the income is expendable. The Center's permanently restricted net assets at June 30, 2013 and 2012, totaled \$ 126,519 and \$ 126,592, respectively.

Family Service Center of Sangamon County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013 and 2012

NOTE J - GRANT REVENUE

Grant revenue is provided by the the Illinois Department of Children and Family Services. Under the terms of the grant agreements, costs which do not meet the conditions of the grant program may be disallowed and required to be returned to the grantors. As of June 30, 2013 and 2012, the Center was not aware of any such costs other than what is included in the accompanying statement of financial position as refundable grant advances. Refundable grant advances were \$ 61,731 and \$ 73,876 as of June 30, 2013 and 2012, respectively.

NOTE K - RETIREMENT PLAN

The Center has a SIMPLE IRA plan which is optional to their employees. The Center matches employee contributions up to 3% of employee compensation. Total contributions made by the Center for the years ended June 30, 2013 and 2012, were \$ 6,261 and \$ 9,097, respectively.

NOTE L - CONCENTRATION OF CREDIT RISK

The Center maintains cash deposits in various financial institutions which, at times, exceed the federally insured limits. The Center has not experienced any losses in such accounts as of June 30, 2013, and through the date of this report.

The Center receives a substantial amount of its support from federal and state agencies. A significant reduction in the level of this support, if it were to occur, may have a significant effect on the Center's programs and activities.

NOTE M - RECLASSIFICATIONS

Certain reclassifications have been made to the 2012 financial information to conform to the 2013 presentation.

# SUPPLEMENTARY INFORMATION



Kerber, Eck & Braeckel LLP

CPAs and  
Management Consultants

1000 Myers Building  
1 West Old State Capitol Plaza  
Springfield, IL 62701-1268  
ph 217.789.0960  
fax 217.789.2822  
www.kebcpa.com

Independent Auditors' Report on Supplementary Information

Board of Directors  
Family Service Center of Sangamon County

We have audited the financial statements of Family Service Center of Sangamon County as of and for the years ended June 30, 2013 and 2012, and have issued our report thereon dated December 6, 2013, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program revenue and expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Kerber, Eck + Braeckel LLP*

Springfield, Illinois  
December 6, 2013

---

Other Locations

Litchfield, IL • Jacksonville, IL • Belleville, IL • Carbondale, IL • Cape Girardeau, MO • St. Louis, MO • Milwaukee, WI



Family Service Center of Sangamon County

SCHEDULE OF PROGRAM REVENUE AND EXPENSES

Year ended June 30, 2013  
(with comparative totals for 2012)

	Family Substitute Services			Supporting Services			2012 Total
	Adoption	Relative Foster Care	Compass	Total	Management and General	Fundraising	
Revenue							
Federal grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 311,530
State grant revenue	-	964,507	-	964,507	-	-	1,081,900
Program service fees	-	-	-	-	5,847	1,475	4,020
United Way	-	-	80,000	80,000	-	3,829	83,572
Contributions and special events	-	-	55,354	55,354	1,040	37,473	93,867
Investment income	-	-	-	-	10,020	-	33,091
Gain (loss) on disposal of equipment	-	-	-	-	(81,542)	-	4,739
Change in value of beneficial interest in perpetual trusts	-	-	-	-	(73)	-	425
Other	-	-	-	-	1,257	112	(4,946)
Total revenue	-	964,507	135,354	1,099,861	(63,451)	42,889	1,534,120
Expenses							
Personnel and fringes	61	599,577	72,592	672,230	25,366	16,844	943,310
Professional fees	842	14,508	1,666	17,016	381	-	10,435
Advertising	-	3,486	862	4,348	569	286	8,767
Supplies	56	5,006	2,084	7,146	1,190	268	20,228
Telephone and internet	-	16,397	2,424	19,021	28	-	23,021
Postage and shipping	311	1,008	78	1,397	547	318	3,316
Transportation and travel	-	33,452	1,040	34,492	39	341	66,315
Conferences and meetings	-	1,273	23	1,296	274	200	3,531
Dues, subscriptions and licenses	30	1,952	302	2,284	922	50	2,359
Rental, maintenance, occupancy	-	71,429	7,823	79,252	1,299	-	81,566
Food	-	653	1,102	1,755	602	350	2,965
Specific assistance	-	6,148	-	6,148	-	53	32,551
Interest expense	-	15,720	1,354	17,074	436	-	19,765
Miscellaneous	1,196	2,238	147	3,381	4,331	364	3,477
Depreciation	-	16,045	2,674	18,719	382	-	19,101
Foster care boarding	-	238,014	-	238,014	-	-	167,643
Special events/fundraising	-	-	29	29	200	11,833	7,392
Administrative costs allocated	-	-	-	-	-	-	37,083
Total expenses	2,496	1,047,106	94,200	1,143,802	36,566	30,907	1,452,826
Revenue over (under) expenses	\$ (2,496)	\$ (82,599)	\$ 41,154	\$ (43,941)	\$ (100,017)	\$ 11,982	\$ 81,294



Kerber, Eck & Braeckel LLP

CPAs and  
Management Consultants

1000 Myers Building  
1 West Old State Capitol Plaza  
Springfield, IL 62701-1268  
ph 217.789.0960  
fax 217.789.2822  
www.kebcpa.com

Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards

Board of Directors  
Family Service Center of Sangamon County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Service Center of Sangamon County (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Family Service Center of Sangamon County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Service Center of Sangamon County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

---

Other Locations

Litchfield, IL • Jacksonville, IL • Belleville, IL • Carbondale, IL • Cape Girardeau, MO • St. Louis, MO • Milwaukee, WI

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described below, that we consider to be a significant deficiency.

#### *Identification of Adjusting Journal Entries*

During our audit, several adjusting journal entries were proposed and recorded to the general ledger. However, adjusting journal entries are not uncommon for not-for-profit entities. However, it is management's responsibility to identify and record those entries necessary to account for all transactions in accordance with accounting principles generally accepted in the United States of America (GAAP).

These entries should typically be posted through the year-end and month-end bookkeeping and accounting processes prior to the audit. When management does not address these transactions, the potential exists for the financial statements to contain material errors or omissions that would not be detected by management.

We recommend the Organization make every reasonable effort to post the necessary adjusting journal entries prior to the start of the audit. We also recommend the Organization reconcile subsidiary ledgers to the general ledger monthly, reviewing for unusual items that would require adjustment.

#### **Management Response:**

For fiscal year 2014, our accounting team has begun to review the trial balance on a monthly basis and make adjusting entries as needed. We anticipate that the year-end presentation of financial statements will require fewer auditor adjustments.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Family Service Center of Sangamon County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The Organization's Response to the Finding**

The Organization's response to the finding identified in our audit is described above. We did not audit the Organization's response and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Keiber, Eck + Braeckel LLP*

Springfield, Illinois  
December 6, 2013